

**GREATER MINNEAPOLIS CRISIS NURSERY
(A NON-PROFIT CORPORATION)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

**GREATER MINNEAPOLIS CRISIS NURSERY
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YEARS ENDED JUNE 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Minneapolis Crisis Nursery
Golden Valley, Minnesota

We have audited the accompanying financial statements of Greater Minneapolis Crisis Nursery (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Greater Minneapolis Crisis Nursery

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Minneapolis Crisis Nursery as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 17, 2014

GREATER MINNEAPOLIS CRISIS NURSERY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ -	\$ 34,470
Promises to Give, Less Allowance for Uncollectible		
Promises of \$52,697 in 2014 and \$67,879 in 2013	370,661	242,015
Government Grants Receivable	92,115	87,438
Other Receivables	21,681	44,334
Prepaid Expenses	45,157	45,062
Total Current Assets	529,614	453,319
Property and Equipment, Net	2,458,769	1,830,399
Property Held for Sale, Net	-	1,258,554
Long-Term Promises to Give, Net of Current Portion	307,256	313,113
Total Assets	\$ 3,295,639	\$ 3,855,385
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ -	\$ 115,877
Line of Credit	60,000	-
Accounts Payable	73,527	60,629
Accrued Interest	149	2,848
Accrued Expenses and Other Liabilities	171,471	148,663
Total Current Liabilities	305,147	328,017
LONG-TERM DEBT, Net of Current Portion	-	999,852
Total Liabilities	305,147	1,327,869
NET ASSETS		
Unrestricted Net Assets:		
Undesignated	(74,959)	1,278,991
Investment in Property and Equipment	2,458,769	714,670
Board Designated Funds	12,000	-
Total Unrestricted Net Assets	2,395,810	1,993,661
Temporarily Restricted Net Assets:		
Time and Purpose Restricted	594,682	533,855
Total Net Assets	2,990,492	2,527,516
Total Liabilities and Net Assets	\$ 3,295,639	\$ 3,855,385

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions and Grants	\$ 1,221,966	\$ 380,003	\$ 1,601,969
United Way	389,720	-	389,720
Government Grants	512,433	-	512,433
In-Kind Contributions	260,331	-	260,331
Special Events Revenues	724,944	5,000	729,944
Special Events Expenses	(170,328)	-	(170,328)
Total Public Support	<u>2,939,066</u>	<u>385,003</u>	<u>3,324,069</u>
Other Revenue:			
Investment Gain	151	-	151
Gain on Sale of Property and Equipment	483,102	-	483,102
Other Revenue	3,348	-	3,348
Total Other Revenue	<u>486,601</u>	<u>-</u>	<u>486,601</u>
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	<u>324,176</u>	<u>(324,176)</u>	<u>-</u>
Total Public Support and Revenue	3,749,843	60,827	3,810,670
EXPENSES			
Program Services	2,377,350	-	2,377,350
Supporting Activities:			
Management and General	370,973	-	370,973
Fundraising	599,371	-	599,371
Total Supporting Activities	<u>970,344</u>	<u>-</u>	<u>970,344</u>
Total Expenses	<u>3,347,694</u>	<u>-</u>	<u>3,347,694</u>
INCREASE IN NET ASSETS	402,149	60,827	462,976
Net Assets - Beginning of Year	<u>1,993,661</u>	<u>533,855</u>	<u>2,527,516</u>
NET ASSETS - END OF YEAR	<u>\$ 2,395,810</u>	<u>\$ 594,682</u>	<u>\$ 2,990,492</u>

See accompanying Notes to Financial Statements.

2013		
Unrestricted	Temporarily Restricted	Total
\$ 965,187	\$ 267,830	\$ 1,233,017
412,003	-	412,003
522,465	-	522,465
276,160	-	276,160
819,478	-	819,478
(166,314)	-	(166,314)
<u>2,828,979</u>	<u>267,830</u>	<u>3,096,809</u>
87	-	87
-	-	-
166,477	-	166,477
<u>166,564</u>	<u>-</u>	<u>166,564</u>
195,679	(195,679)	-
3,191,222	72,151	3,263,373
2,292,433	-	2,292,433
448,719	-	448,719
436,409	-	436,409
<u>885,128</u>	<u>-</u>	<u>885,128</u>
<u>3,177,561</u>	<u>-</u>	<u>3,177,561</u>
13,661	72,151	85,812
<u>1,980,000</u>	<u>461,704</u>	<u>2,441,704</u>
<u>\$ 1,993,661</u>	<u>\$ 533,855</u>	<u>\$ 2,527,516</u>

**GREATER MINNEAPOLIS CRISIS NURSERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,355,417	\$ 234,996	\$ 284,920	\$ 519,916	\$ 1,875,333
Benefits	205,220	35,580	43,139	78,719	283,939
Payroll Taxes	107,397	18,620	22,576	41,196	148,593
Total Salaries and Related	1,668,034	289,196	350,635	639,831	2,307,865
Contract Services	89,648	6,987	4,170	11,157	100,805
Child Care and Parent Program General Expense	172,357	-	-	-	172,357
Food Service	107,074	-	-	-	107,074
Occupancy	70,333	10,104	10,072	20,176	90,509
Expansion Expenses and Interest	52,109	7,165	5,862	13,027	65,136
Repairs and Maintenance	40,068	5,509	4,508	10,017	50,085
Printing and Publications	3,176	2,726	24,631	27,357	30,533
Professional Fees	4,848	17,042	16,132	33,174	38,022
Insurance	20,155	2,771	2,267	5,038	25,193
Staff Expense	23,363	1,517	1,529	3,046	26,409
Public Relations	-	4,026	99,097	103,123	103,123
Office Supplies and Expense	21,311	6,027	4,085	10,112	31,423
Postage and Shipping	412	1,110	7,726	8,836	9,248
Miscellaneous	15,152	5,935	12,490	18,425	33,577
Travel	8,595	200	142	342	8,937
Campaign Expenses	-	-	46,504	46,504	46,504
Total Expenses before Depreciation and Amortization	2,296,635	360,315	589,850	950,165	3,246,800
Depreciation and Amortization	80,715	10,658	9,521	20,179	100,894
Total Expenses	\$ 2,377,350	\$ 370,973	\$ 599,371	\$ 970,344	\$ 3,347,694

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,340,758	\$ 206,321	\$ 233,675	\$ 439,996	\$ 1,780,754
Benefits	184,083	28,327	32,083	60,410	244,493
Payroll Taxes	109,122	16,792	19,019	35,811	144,933
Total Salaries and Related	1,633,963	251,440	284,777	536,217	2,170,180
Contract Services	72,064	7,710	12,519	20,229	92,293
Child Care and Parent Program General Expense	180,379	-	-	-	180,379
Food Service	117,797	-	-	-	117,797
Occupancy	57,050	4,731	3,736	8,467	65,517
Expansion Expenses and Interest	27,153	49,683	1,250	50,933	78,086
Repairs and Maintenance	31,271	2,085	1,390	3,475	34,745
Printing and Publications	5,004	1,354	20,861	22,215	27,219
Professional Fees	15,932	24,157	-	24,157	40,089
Insurance	19,904	3,732	1,244	4,976	24,880
Staff Expense	17,135	2,482	3,931	6,413	23,548
Public Relations	-	7,625	77,971	85,596	85,596
Office Supplies and Expense	16,007	399	3,777	4,176	20,183
Postage and Shipping	392	927	8,822	9,749	10,141
Miscellaneous	14,884	7,519	10,517	18,036	32,921
Travel	4,783	202	325	527	5,310
Total Expenses before Depreciation and Amortization	2,213,718	364,046	431,120	795,166	3,008,884
Depreciation and Amortization	78,715	84,673	5,289	89,962	168,677
Total Expenses	\$ 2,292,433	\$ 448,719	\$ 436,409	\$ 885,128	\$ 3,177,561

See accompanying Notes to Financial Statements.

GREATER MINNEAPOLIS CRISIS NURSERY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 462,976	\$ 85,812
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	100,894	168,677
Contribution of Stock	(11,042)	(8,079)
Amortization of Discount of Unconditional Promises to Give Restricted for Long-Term Purposes	(8,732)	11,411
Gain on Sale of Property and Equipment	(483,102)	-
Changes in Assets and Liabilities:		
Increase in Promises to Give	(122,789)	(4,366)
Decrease in Government Grants Receivable	26,708	35,925
Increase in Other Receivables and Prepaid Expenses	(95)	(3,757)
Increase (Decrease) in Accounts Payable	12,898	(35,063)
Decrease in Accrued Interest	(2,699)	(1,178)
Increase in Accrued Expenses and Other Liabilities	22,808	12,976
Net Cash Provided (Used) by Operating Activities	(2,175)	262,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(737,608)	(140,338)
Proceeds from Sale of Property and Equipment	188,969	-
Proceeds from Sale of Investments	11,042	8,079
Net Cash Used by Investing Activities	(537,597)	(132,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	33,875
Payments on Long-Term Debt	(54,698)	(109,504)
Proceeds from Line of Credit	970,000	504,917
Payments on Line of Credit	(410,000)	(524,917)
Net Cash Provided (Used) by Financing Activities	505,302	(95,629)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,470)	34,470
Cash and Cash Equivalents - Beginning of Year	34,470	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ 34,470
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 17,599	\$ 68,756
SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES		
Non-Cash Payments of Debt from Property Sale Proceeds	\$ 1,561,031	\$ -
Contributions of Stock and Equipment	\$ 11,042	\$ 8,079

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Minneapolis Crisis Nursery (the Nursery) is incorporated under the Minnesota Nonprofit Corporation Act. The Nursery assists in the prevention of child abuse and neglect. Children are placed by their parents at the Nursery for up to 72 hours, while their parents receive assistance from the Nursery's counselors and other community services to address stress and parenting needs.

Income Taxes

The Nursery is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Nursery is a non-private foundation and contributions to the Nursery qualify as a charitable tax deduction by the contributor. The Nursery's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2011 to 2013 are open to examination by federal, local and state authorities.

The Nursery has adopted the provisions for accounting for uncertainty in income taxes. This prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of accounting for uncertainty in income taxes had no impact on the Nursery's financial statements.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Nursery considers all cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Nursery and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Nursery or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently. At this time, the Nursery has no such permanently restricted net assets.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged.

Support that is temporarily restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets reclassified from restrictions.

Government Grants

Governmental grant funds are recorded when reimbursements are requested. All governmental grant funds are received on a reimbursement basis.

Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Nursery will record such disallowance at the time the final assessment is made.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Nursery. The Nursery determines and establishes an allowance for estimated uncollectible promises to give (contributions receivable).

Unconditional promises to give due within the next 12 months from the statements of financial position date are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-adjusted interest rates as of fiscal year-end (i.e., are discounted). This value is determined to be fair value. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

In-Kind Contributions

Contributions of non-cash assets (materials and equipment) are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Nursery receives contributions of equity securities from donors on occasion. It is the policy of the Nursery to sell these equity securities as soon as is reasonably possible. Any equity holdings at year-end are in the process of being sold or are restricted in some way. At June 30, 2014 and 2013, the Nursery held no investments.

The finance committee of the Nursery has the primary responsibility for directing and monitoring the investment of the Nursery's funds in accordance with the Nursery's investment policy for any investments that are held during the year.

Investment earnings available for distribution are recorded in unrestricted net assets on the statements of financial position. If restrictions on investment earnings are fulfilled in the same period in which the earnings are received, the Nursery reports the earnings as unrestricted.

Property and Equipment

The Nursery capitalizes all expenditures for property and equipment with a useful life of three or more years, and a cost in excess of \$1,500. Buildings and equipment are recorded at cost, or in the case of contributed property and equipment, at the estimated fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Expenditures for renewals and improvements are capitalized while repairs and maintenance costs are charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation of building and components is computed on the straight-line method over estimated useful lives of 5 to 30 years. Depreciation of equipment is computed on the straight-line method over estimated useful lives of 3 to 10 years.

Fair Value Measurements

The Nursery has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Nursery has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Assets valued using Level 3 inputs include Long-Term Promises to Give.

The Nursery elected fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. Long-Term Promises to Give are measured at fair value, as permitted for administrative ease.

Financial Instruments

The Nursery's financial instruments are cash and cash equivalents, accounts receivable, contributions receivable, accounts payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The fair value of the Nursery's long-term debt is estimated based on the current rates offered to the Nursery for debt of similar terms and maturities.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing programs and services has been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefited based on management's best estimates of such amounts.

Subsequent Events

In preparing these financial statements, the Nursery has evaluated events and transactions for potential recognition or disclosure through September 17, 2014, the date the financial statements were available to be issued.

NOTE 2 PROMISES TO GIVE

The details of promises to give receivables as of June 30, 2014 and 2013 are as follows:

	2014	2013
Receivable in:		
Less than One Year	\$ 423,358	\$ 309,894
One to Five Years	347,027	361,616
Total	770,385	671,510
Allowance for Doubtful Collections	(52,697)	(67,879)
Discount to Present Value	(39,771)	(48,503)
Total Promises to Give Receivable	677,917	555,128
Less: Current Portion	370,661	242,015
Total Noncurrent Portion	\$ 307,256	\$ 313,113

The discount rate used in calculating the present value of long-term pledges for the years ended June 30, 2014 and 2013 was 5%.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 3 FAIR VALUE MEASUREMENTS

The following tables present the fair value hierarchy for the balances of the assets of the Nursery measured at fair value on a recurring basis as of June 30, 2014 and 2013:

	2014			
	Level 1	Level 2	Level 3	Total
Long-Term Promises to Give	\$ -	\$ -	\$ 307,256	\$ 307,256

	2013			
	Level 1	Level 2	Level 3	Total
Long-Term Promises to Give	\$ -	\$ -	\$ 313,113	\$ 313,113

The fair value of long-term promises to give is based on the estimated present value of future cash payments using a discount rate of 5%.

Level 3 Assets and Liabilities

The following table provides a summary of changes in fair value of the Nursery's Level 3 financial assets for the years ended June 30, 2014 and 2013:

	2014	2013
Beginning Balance	\$ 313,113	\$ 262,252
Additional Long-Term Promises to Give	136,309	200,746
Write Offs of Long-Term Promises to Give	(28,743)	-
Prior Year Promises to Give - Currently Due in 1 Year	(122,155)	(138,474)
Change in Discount	8,732	(11,411)
Ending Balance	\$ 307,256	\$ 313,113

Fair Value Option

A fair value option election is available that allows organizations to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. This option permits the fair value option election on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. For certain financial instruments that are not accounted for at fair value under other applicable accounting guidance, the fair value option has been elected.

**GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment components at June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 72,064	\$ 72,064
Building	2,945,608	2,231,612
Equipment:		
Program	1,845	7,403
Office	44,840	146,455
Kitchen	17,155	16,883
Other Fixed Assets	<u>2,888</u>	<u>38,952</u>
Total Property and Equipment	3,084,400	2,513,369
Less: Accumulated Depreciation	<u>625,631</u>	<u>682,970</u>
Property and Equipment, Net	<u>\$ 2,458,769</u>	<u>\$ 1,830,399</u>

During 2013, the Nursery decided to sell its land and building located in Golden Valley and, at that point, recorded the property as held for sale on the statement of financial position. The Nursery entered into a purchase agreement to sell the building for \$1.75 million and closed on the building in September 2013. The property was recorded at historical cost less accumulated depreciation. Debt related to this building, which was \$357,716 at June 30, 2013, was paid off as part of the sale. The total gain on the sale of the property was \$483,102 and was recognized in 2014.

NOTE 5 LONG-TERM DEBT

At June 30, 2014 and 2013, the total amounts outstanding on long-term debt were \$-0- and \$1,115,729, respectively. The Nursery satisfied their debt obligations by repaying the principal balances in full during fiscal year 2014 upon execution of the sale of property, as described in Note 4.

NOTE 6 LINE OF CREDIT

The Nursery had lines of credit at both June 30, 2014 and 2013. Interest on the line of credit for both years was a variable rate which equaled 4.5%. Payments of interest only are due each month on any outstanding balance.

As of June 30, 2014, the funds available to the Nursery were \$250,000, of which \$60,000 was drawn and outstanding, for a remaining balance available of \$190,000. The line of credit at June 30, 2014 matures in December 2015. As of June 30, 2013, the funds available to the Nursery were \$250,000, of which \$-0- was drawn and outstanding.

GREATER MINNEAPOLIS CRISIS NURSERY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 7 RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2014 and 2013 are available for the following purposes:

	2014	2013
Future Periods	\$ 576,155	\$ 518,855
Purpose Restricted	18,527	15,000
Total	<u>\$ 594,682</u>	<u>\$ 533,855</u>

Releases from Restriction

Net assets released from restrictions for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Expiration of Time Restrictions	\$ 322,703	\$ 158,179
Satisfaction of Purpose Restrictions	1,473	37,500
Total	<u>\$ 324,176</u>	<u>\$ 195,679</u>

Board Designated Net Assets

The Board of Directors of the Nursery has designated funding for specific initiatives related to the expansion of program activities. Activities related to these designations for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Beginning Balance	\$ -	\$ -
Additions to Board Designated Funds	97,000	-
Releases from Board Designated Funds	(85,000)	-
Ending Balance	<u>\$ 12,000</u>	<u>\$ -</u>

NOTE 8 CONTRIBUTIONS AND GRANTS REVENUE

Contributions and grants to the Nursery for the years ended June 30, 2014 and 2013 are classified as follows:

	2014	2013
Foundations	\$ 398,906	\$ 87,732
Corporations	497,699	467,140
Churches and Community Groups	44,218	58,545
Individuals	661,146	619,600
Total Contributions and Grants	<u>\$ 1,601,969</u>	<u>\$ 1,233,017</u>

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NOTE 9 IN-KIND CONTRIBUTIONS

The Nursery records in-kind contributions at estimated fair market value at date of donation. In-kind contributions for the years ended June 30, 2014 and 2013 include the following:

	<u>2014</u>	<u>2013</u>
Special Event In-kind	\$ 37,955	\$ 67,245
Children's Supplies (Program Services)	73,218	88,096
Food (Program Services)	67,700	91,100
Legal Fees (Management and General)	16,132	10,947
Public Relations (Management and General and Fundraising)	91,281	74,017
Medical Assessments (Program Services)	12,000	12,000
Total In-Kind Contributions	<u>\$ 298,286</u>	<u>\$ 343,405</u>

In-kind contributions relating to special events in the amount of \$37,955 and \$67,245 are included in special event revenue for the years ended June 30, 2014 and 2013, respectively.

The Nursery receives significant amounts of donated services from a substantial number of unpaid volunteers who assist in the Nursery's programs, fundraising and special projects. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been satisfied. The estimated fair market value of these services for the years ended June 30, 2014 and 2013 was \$482,347 and \$535,250, respectively.

NOTE 10 SIGNIFICANT CONCENTRATIONS

The Nursery maintains its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Approximately 65% of the employees of the Nursery are subject to a collective bargaining agreement with the Federation of Social Justice Advocates. The agreement expires on December 31, 2014.

The majority of governmental revenues are from one agency. Governmental revenues were approximately 13% and 16% of total revenue for the years ended June 30, 2014 and 2013, respectively.

United Way contributions constitute approximately 10% and 13% of total revenue at June 30, 2014 and 2013, respectively.

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NOTE 11 JOINT COSTS

During the year ended June 30, 2013, the Nursery incurred joint costs of \$14,548 for informational materials that included education/administrative communications and a fundraising appeal. Of these costs, \$4,801 was allocated to program costs, \$4,975 was allocated to management and general and \$4,773 was allocated to fundraising expense.

There were no such joint expenses incurred for the year ended June 30, 2014.

NOTE 12 RELATED PARTY TRANSACTIONS

Contributions from board members and employees made up approximately 10% and 16% of total contributions at June 30, 2014 and 2013, respectively. Pledges receivable from board members and employees made up approximately 19% and 5% of the total pledges receivable at June 30, 2014 and 2013, respectively.

NOTE 13 EMPLOYEE RETIREMENT PLAN

During 2013, the organization started a SIMPLE IRA plan for qualified employees who earned greater than \$5,000 in the previous calendar year. The plan has a dollar for dollar match up to 3% of wages, and total contributions for the year ended June 30, 2014 and 2013 were \$36,807 and \$14,213, respectively.